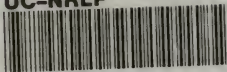


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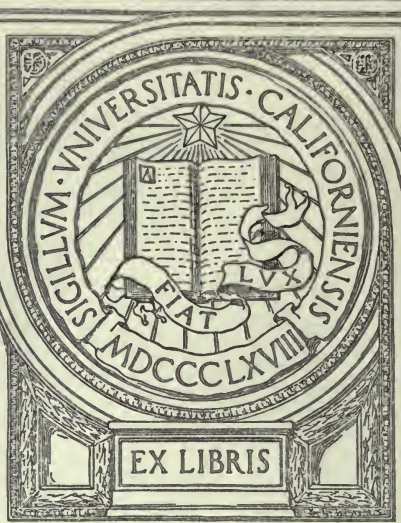
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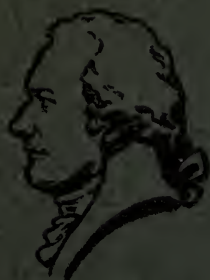
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**PUBLIC SERVICE CORPORA-
TIONS AND THE PUBLIC**



**ALEXANDER
HAMILTON
INSTITUTE**

UNIVERSITY OF
CALIFORNIA

The Relations Between Public Service Corpora- tions and the Public

By WILLIAM G. McADOO
President, Hudson & Manhattan Railway Company

One of a Series of Lectures Prepared for
the Alexander Hamilton Institute

ALEXANDER HAMILTON INSTITUTE
ASTOR PLACE, NEW YORK CITY

[1910]

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WILLIAM G. McADOO

WILLIAM GIBBS McADOO

William G. McAdoo, president of the company which built the Hudson tunnels, was born near Marietta, Georgia, October 31, 1863. He is descended from a family which has been prominent in the public and military affairs of the South for nearly three centuries. Mr. McAdoo's father, William G. McAdoo, M.A., LL.D., was a judge; a soldier both in the Mexican and in the Civil Wars; for two terms District Attorney General of the State of Tennessee; and in his later years Professor of English and History in the University of Tennessee. The Civil War swept away his possessions, and William G. McAdoo, the son, was born and raised in poverty. Far from bewailing his fate, he looks back on the privation of his early life as a most fortunate circumstance. In a public address not long ago he said:

"I was brought up in Georgia, in the path of General Sherman's famous march to the sea. As Henry Grady once remarked, 'General Sherman was a bit careless with fire,' and for this reason, among other things, he has never been a popular man in Georgia. For myself, however, I feel that I owe General Sherman a debt of gratitude. I believe that character is produced and developed to the highest degree by hardships, sufferings and poverty. I have never doubted that whatever of character I have developed has been, in a large measure, due to the surroundings and conditions which General Sherman forced upon the people of our section during that great war."

Mr. McAdoo entered the University of Tennessee but was forced to leave in his junior year in order to take a position as clerk in the United States Circuit Court. His spare time was spent in the study of law, and at the age of twenty-one he was admitted to the bar. Within a short time he became division counsel for the Central Railroad and Banking Company of

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Georgia, and afterwards for the old Richmond and Danville Railroad (now part of the Southern Railway system), and at the same time was active in Democratic politics.

But Mr. McAdoo was looking for bigger opportunities. In 1892, when he was twenty-nine years old, he moved to New York City and began the practice of law. In 1898 he formed a law partnership with Hon. William McAdoo, formerly Congressman from New Jersey, Assistant Secretary of the Navy and Police Commissioner of New York City, and now Chief Magistrate of New York City. Contrary to the general impression the two McAdoos are not related.

In 1902 he organized the corporation which has constructed the two tunnels under the Hudson River connecting the railroad stations and cities on the Jersey side with the New York business and shopping districts. The whole plan was a gigantic experiment. Sixty million dollars capital was required. Two previous attempts to tunnel the Hudson had failed. Nevertheless, Mr. McAdoo persuaded capitalists to invest, carried through the construction with scarcely a hitch, and so organized the operating system that it is everywhere recognized as a model of efficiency. The methods by which he has succeeded in serving economically and at the same time pleasing the public are described by Mr. McAdoo himself, in this lecture. His own personality plainly appears in every detail of the management, and it is not without reason that the people of New York persist in disregarding official titles and in speaking of the whole system as the "McAdoo tunnels."

The extent and value of Mr. McAdoo's contribution to American business practice cannot be measured. His influence extends far beyond his own corporation. He has appreciably raised the standards of courtesy and of comfort of millions of his fellow citizens.

The Relations Between Public Service Corporations and the Public*

By WILLIAM G. McADOO

This is a big question, and it has been the subject of much discussion and legislation during the past few years. The corporation question has, unfortunately, come to be more of a political than an economic one, and it is not only the public service corporation, but every kind of corporation that is embraced in the issue.

Your invitation confines me, however, to a discussion of public service corporations only.

What is a public service corporation? The public, generally, would say "a railroad or a street railroad corporation, or any corporation engaged in the transportation business." Such corporations as telephone, telegraph, gas and water companies are not included in the popular idea. The reason for this is that the railroad corporations come more intimately in touch with the public and are more often touched by the public. The subway, elevated and surface lines of New York City, for instance, carried in the year 1909 approximately *nine hundred million people*, each one of whom paid a five cent fare. Every day, therefore, these people are in actual contact with the transportation line, observing its defects and weaknesses and criticizing its management, whereas, with electric

*A lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910.

light, gas and water companies, payment for the service rendered is made once a month, and the service itself is less conspicuously brought to the daily attention of the user. I assume that I am expected to speak with reference to that particular form of public service corporation known as a transportation corporation; that you do not wish a political or an economic discussion of this question, but that you prefer to have me treat it from the standpoint of one who has had practical experience with the public in the actual construction and administration of an important public service facility. It is my purpose, therefore, to deal more with what may be termed the psychologic phases of the problem, although I may make an occasional excursion into collateral issues.

Corporations are not "Soulless"

The popular conception of corporations, whether they be public service ones or not, is that they are "soulless." This is an error, and one which has caused much mischief, because, so long as the corporation manager believes that he is in the shadow of an impersonal entity and, therefore, not held to personal responsibility for his acts, he will do things behind this screen which he would not do if he knew that the public considered him the personification of the corporation and held him to personal accountability for the corporate acts. The public, having accepted as axiomatic the proposition that all corporations are soulless, has come to regard the action of such corporations, however objectionable, as beyond remedy because of this very soullessness. I have often heard people ex-

claim, when something has happened justifying a complaint to the corporation management, "What is the use of making a complaint to a soulless corporation?" Thereby they have not only excused the objectionable act, but they have encouraged its repetition. Whether a corporation is soulless or not, complaint should always be made to the management of abuses or derelictions.

Its President's Soul is the Corporation's Soul

I assert that no corporation is soulless; that, on the contrary, every corporation has a soul; that the soul of such corporation is the soul of its dominant individual—usually the president; that the management of the corporation reflects the prevailing soul almost as infallibly as a looking glass reflects an object set before it. If that soul be selfish, little and narrow, the policy of the corporation will be selfish, little and narrow; if that soul be broad, progressive, liberal and honest, the policy of the corporation will be broad, progressive, liberal and honest. It is inevitable that the rank and file of the corporation, by which I mean its employees, will, in time, imbibe the spirit of its dominant factor.

What I have said on this point needs this qualification: that the dominant soul in a corporation is not reflected in the attitude and the quality of the employees and in the policy of the corporation itself, until it has been long enough in command to assert its power effectively. This is readily seen when there is a change in corporate management. Some time necessarily elapses before the new order is able to make its impress upon the

corporate organization, as well as upon the public itself.

It may be said that the Board of Directors is paramount. This is true, in a measure, and yet it is a well-known fact that most Boards of Directors in this country are dominated by the chief officer of the corporation. This is necessarily so, because it is essential that the Board of Directors have confidence in and be controlled by the judgment and views of the directing officer; otherwise the corporation would be without a guiding hand.

Modern electric railroad practice has developed what is called the multiple unit train. Such a train is composed of a number of separate and independent units or motor cars, each one self-contained and capable of independent propulsion, but when connected together and forming one train they are under command of a single motorman, who, by the turn of a lever, can make the train start, move faster, or slower, or come to a stop. On each one of these trains there are a number of employees, but all of them are under the control of a single soul—the motorman—while this train is in motion. He starts upon his journey and brings his train to its destination by the manipulation of the different units and of the apparatus at his command.

A corporation is simply a multiple unit. It is composed of various independent departments, all under the control of a single individual—usually, as I said before, the president. He, with the collateral assistance of the Board of Directors, guides the company over the fixed track of its

corporate powers and has control of all of its employees.

Having thus made clear, as I hope, the fact that every corporation has a soul, I now assert that so true is this that the character and quality of this soul may be judged, in large measure, by the character and quality of the service rendered by the corporation. Go over the lines of any public service utility to-day, and carefully observe the general details of its service and equipment, the manners of its employees and their attitude to the public, and you will get a fairly good reflection of the soul of its management. It is to the interest of the public, as well as of the corporation, that this should become a recognized fact, so that the controlling force in each corporation shall be held to the highest measure of individual and personal responsibility for the conduct of its affairs. And when this time comes, this dominant soul will realize that it will be pilloried for practices that are objectionable, as it will be applauded for practices that are commendable.

Arbitrary Management a Back Number

The hostility of the public to corporations, especially transportation corporations, so much in evidence during the past few years, is the cumulative effect of years of indifference, oftentimes contemptuous, on the part of corporate managers to the interests and just grievances of the public. Very frequently these grievances arose out of easily remediable matters, such as unreliable train service, disregard of public convenience in arranging train schedules, failure to give prompt and truthful in-

formation about delayed trains and accidents and habitual incivility on the part of the employees generally. The old style manager resented suggestions and complaints as impertinence, consigned them usually to the waste basket, and went on in his arbitrary way, firm in the belief in his own infallibility and the public's complete dependence.

There were, of course, other and more serious causes than those I have enumerated, for resentment against the railroads. Rebates and discriminations, long practiced, benefiting the few to the injury of the many, finally aroused the public and caused legislation throughout the country. The railroads have become a sort of political football, and some good and some unwise legislation concerning them has been enacted during the past few years. It is inevitable, in a popular form of government, that legislation oftentimes reflects the popular excitement and resentment of the moment, and that we get back to a stable equilibrium only as result of experience and a more composed and judicial state of the public mind.

As a result of the agitation, one thing, at least, has been clearly established, viz.: that the public is a *factor* now in corporation management; it is almost a member of the Board of Directors of every corporation. The old time arbitrary manager is already a back-number and where he still exists, is making a hopeless fight. He must conform to the new order if he would survive.

Commissions Have Come to Stay

The public has come into the management of the railroads through the Interstate Commerce

Commission and through the various state railroad commissions which have been created within the past few years. The most notable of these is the Public Service Commission of New York, because of the exceptional powers which the State has conferred upon that body.

I believe in the commission idea. Some such body is essential now to the protection of the public and the corporations. But to be in the highest degree useful, these commissions should have a well-defined power of wholesome regulation only. They should not be permitted to undertake the management itself. The responsible owners should not be deprived of their right to control and operate their properties within proper limits, nor is it to the interest of the public that they should be. It is extremely difficult to draw the line between regulation and management, but it will be found eventually. Experience and court decisions will make clear the extent to which government may go in this direction.

The Public Service Commission of New York has shown good judgment in the exercise of the broad powers entrusted to it. It is composed of men of high character, who came to their task without previous railroad experience, but with a just appreciation of their responsibilities and an earnest desire to discharge them with justice, moderation and wisdom. They have had to spend a great deal of time, necessarily, in studying the complicated problems of Greater New York. Too much has been expected of the Commission in a short time. The unmerited criticism it has received is one of the best justifications of its existence, because it

shows that the Commission intends to proceed carefully, and to exercise its large powers justly and not oppressively. No other course would enable it to be useful or to preserve the respect and confidence of the community.

There has been and continues to be much criticism of the commission idea, but corporation managers may as well make up their minds that commissions have come to stay. The corporations should co-operate with the authorities in securing just and wise laws, and in the administration of those laws. The authorities should also invite and welcome the assistance of corporation managers in the framing of proper legislation. This is the way to get sound conclusions—hear all sides and try to do the right thing. Nothing will put the lobbyist out of business more quickly than this frank and open way of getting together and discussing the questions at issue. Politics should play no part in the making of such laws nor in their enforcement. The corporations are essential to the public welfare. We do not want to injure, much less to destroy them. It is to the interest of the people that they be fairly and justly treated. Too often the feeling exists that no good can come out of a corporation and that any sort of legislation, proposed and enacted by men who have had no experience and have made no study of the complicated problems involved, is good enough if it seems to hit the corporation hard. This is altogether mischievous and wrong. What we want in all these cases is to approach the question in the noble spirit of Lincoln, “with charity for all, with malice towards none”—seek-

ing justice, truth and light, and basing our conclusions and our actions upon these infallible foundations.

The gravest dangers we confront in dealing with important problems is a perverted, misinformed and ignorant public opinion. Political considerations are too often put above the public good. Too many politicians are opportunists. They seem too willing to support any measure which promises personal and party success. It is easy to arouse public resentment against corporations upon wholly false premises and specious reasoning. The politician's chief occupation is to keep at this sort of work, while the corporation manager is usually so occupied with the graver responsibilities of safely and efficiently operating the property under his control that he has no time to set up a counter propaganda, and the people get only one side of the question.

Dangers of Commission Rule

So long as we can keep public utility commissions out of politics, appoint men of character and experience to run them, confine their powers to reasonable regulation, and define those powers clearly, so that everybody may know what the law actually is, and so long as such commissions discharge their duties justly, wisely and impartially, they will be of advantage to the public and to the corporations.

I do not believe in giving these commissions the power to arbitrarily fix rates. Grave wrongs and injustices might result. Property could be confiscated or destroyed before the courts could protect

it. The public interest would suffer from any serious injury to the transportation lines. It must be remembered that the prosperity of these lines is as essential to the general welfare as good government itself. It is only necessary to imagine the condition in which we would find ourselves if we didn't have them, to realize how vital they are to our existence. Railroads must be run at a profit if they are to provide good service and continue to develop their lines to meet the growth of the country. Rates are, as a whole, reasonable, and competition will, I believe, keep them so. The principal grievance has been discrimination and insufficient and inefficient service, and facilities, and these can be remedied by a sound policy of conservation of just rights; by the regulatory powers of the commissions and by the force of public opinion. There has never been a time in the history of the world when public opinion properly directed has been so potential as now, nor has there ever been a time when corporations were so amenable to public opinion nor when they have been so honestly conducted as now. A distinguished Harvard alumnus has had much to do with this result.

The most serious grievance against certain corporations is, in my judgment, the undue privilege they enjoy from an excessive and wholly indefensible high protective tariff. It is not the railroads but the industrial companies and so-called "trusts" that are the direct beneficiaries of this protection. The trust talk and the trust evils would largely disappear if the "trusts" were forced into wholesome competition with the world, and were de-

prived of the power they now have to tax the people for their special benefit. But I am getting away from my subject. I had not intended to get into politics nor to "branch" so extensively.

Is the Public "Soulless"?

While the public considers the corporations "soulless" the corporations consider the public as much so or more. It must be admitted that the attitude of the public to the corporations is characterized by suspicion, by ill-concealed resentment, by a feeling that the corporation has no rights which ought to be respected, and that any advantage taken of a corporation is justifiable, if not commendable. The average person has a code of ethics for dealing with a corporation entirely different from that for dealing with an individual, and the code for the corporation is morally wrong, while that for the individual is morally right.

In fact, the corporations and the public remind me of two big boys suspicious of each other, frequently "scrapping," to use the vernacular, and yet compelled to live together and play with each other. This attitude of suspicion is an inevitable estrangement. If it can be removed, a more cordial relationship will result.

I have always believed that the public, like the corporation, has a soul—that the public at large is reasonable—that it is just as responsive to decent treatment as an individual.

As a matter of fact, the corporation and the public each represent a reasonable individual, but they don't understand each other. The corporation manager makes rules and issues orders

necessary, for the conduct of his business. These rules and orders are usually in the interest of the public, designed for their convenience and safety, but they oftentimes seem to the public arbitrary and unreasonable. An explanation by the corporation would at once satisfy the public, because it is always satisfied with a good reason. The corporation manager ought to take the trouble to explain things to the public, and he ought to give the public plenty of information.

A Concrete Example

Our experience with the Hudson tunnels has convinced us of the correctness of these views. We have never yet had a complaint that we have not satisfied with an explanation, except one and that came from a "crank" whom no one could appease.

It is with great reluctance and after long hesitation that I have determined to speak of the transportation system of which I have the honor to be an employee and, in doing so, I beg that you will acquit me of any seeming or intentional egotism. I would not relate these experiences except to illustrate our theories of corporate management, and to give you concrete examples of their practical application.

On the 26th of February, 1908, the first tunnels under the Hudson River were opened to public use. Five days before that date the employees of the road were called together and addressed by the president of the company, in part, as follows:

This is a time when there has been a great deal of talk about, and criticism of public service corporations. Some

of these criticisms are just and some are unjust. There are two sides to most questions, but there can't be two sides to some of the questions which have been discussed, and there can't be two sides to some of the complaints which have been made against public service corporations. Now, we want to profit by these criticisms and the mistakes of others, and we want to run this road so that there will be no complaints, or, at any rate, as few complaints as possible. It is, of course, impossible to attain absolute perfection of operation, but it is not impossible to attain approximate perfection.

I want to impress upon you the fact that this railroad is operated primarily for the convenience of the public. It is designed to accommodate the people who traverse the river between New Jersey and New York, and the duty devolves upon you to do everything in your power to make this facility as perfect as possible. It can be accomplished by your taking, as I said before, that intense and intelligent interest in your work which is the only guarantee of success.

Safety and efficiency of the service are, of course, the first consideration, but, among the things of the highest importance, are civility and courtesy in your dealings with the public. You must treat people courteously, no matter how they treat you. You must not engage in unnecessary conversation with passengers, and you must not address passengers before they enter into conversation with you. You are not there for the purpose of entertaining the public; you are there for the purpose of seeing that the road is safely and properly operated. Attend strictly to your duties, answering questions when they are addressed to you. No matter if questions seem to you foolish, give civil replies. The day of "the public be damned" policy is forever gone. It always was an objectionable and indefensible policy, and it will not be tolerated on this road under any conditions.

There is a thing which the French call "esprit de corps"; this means a spirit of common devotedness, of common sympathy or support among all the members of an associa-

tion or body. It means comradeship and a common pride in the general work in which we are engaged and in each other. Let us start this road with this feeling of "esprit de corps." We are all working together for the good of each other, as well as for the good of the company and of the community. Let us convince the public that public service facilities can be operated in such a way that the just claims of the public will be recognized and that the public will have proper service and treatment.

The Hudson Tunnel Creed

Seventeen months later, in July, 1909, upon the opening of the second pair of tunnels under the Hudson River, the president of the company spoke as follows:

We believe in the "public be pleased" policy as opposed to the "public be damned" policy; we believe that that railroad is best which serves the public best; that decent treatment of the public evokes decent treatment from the public; that recognition by the corporation of the just rights of the people results in recognition by the people of the just rights of the corporation. A square deal for the people and a square deal for the corporation! The latter is as essential as the former and they are not incompatible.

These declarations are the creed of the company, and represent our convictions as to the proper attitude of a public service corporation to the public.

Sincerity is Essential

In carrying out this policy it is essential first, that the officers of the corporation shall sincerely believe in it, and, second, that the employees shall catch the spirit of it and earnestly seek its enforcement.

This sincerity must be genuine—it cannot be

feigned. The people are quick to discover a counterfeit. Lincoln said, "You can fool all the people some of the time," and this may have been true fifty years ago, but we have progressed since that day. You can't fool all the people even "some of the time" now.

Sincerity implies—no, it *means* the *human quality*. It means that you must put this quality into your relations with your employees, and that they must put it into their relations with the public, and that the public must put it into its relations with the company and its employees. These employees come into closer contact with the public than the officers, and upon them rests in large part the successful execution of your policy.

Our efforts have been directed, therefore, to the creation of a body of employees who would feel a genuine interest in carrying out the company's aims.

Developing Courtesy in Employees

It has been difficult to always secure civility on the part of employees. Many of them have had little or no advantages and, while they want to do the right thing, they don't always know how. By patient and kindly admonition we have succeeded in educating them to the required standard, and we now have a body of men who have distinguished themselves for their civility and considerate treatment of the public. I do not believe that there is a finer lot of public service corporation employees in this country than those of the Hudson tunnel system. We are proud of them as men and of the *esprit de corps* that animates them. We

find that they take a real interest in treating the public courteously, and we find that the public is taking a real interest in treating them courteously. Verily courtesy breeds courtesy. There is a feeling of good will and friendship between the public and our employees and our company that is delightful and refreshing. Everybody seems to take an interest in being kindly and considerate, and in doing everything possible to make the policy successful.

We have posted signs in our cars inviting suggestions and criticisms. We receive occasional suggestions, some of value, and we always adopt them if they have value, but strange to say, we rarely ever have a complaint. We always acknowledge suggestions—we always investigate and reply to complaints, and we always apply a remedy if the complaint is well founded. When I tell you that the system is only partially completed and that it is already carrying at the rate of 50,000,000 people annually, and that we have had not over two dozen complaints in the past two years, you can readily understand why we are convinced that our policy is sound.

The Duty of the Public

Courteous treatment of the public and the impartation of correct information are of prime importance. On the other hand, courteous treatment of employees by the public is necessary. Unfortunately, the public is not alive to this. We can discipline our employees for rudeness, but we cannot discipline the public. Did you ever realize that the guard or conductor on a train is just as

human as you are? That he has feelings, sensibilities and desires very much like your own? That rude and offensive treatment of him is more reprehensible than of some free agent? You literally take advantage of a man with his hands tied when you abuse such an employee. He has orders not to resent it under penalty of discharge, and this makes it harder for him to bear. I have occasionally seen passengers abuse a poor, helpless employee for merely executing the rules of the company, when the right practice is to write a complaint to the management. We must remember that to ill-treat an employee this way makes it more difficult for the company to promote civility among the men, and that the company cannot correct the trouble unless complaint is made to the proper officer. We would come nearer satisfactory operation of public service utilities if passengers would make complaints and suggestions, because in no other way can the management learn the facts and apply the remedy. One has only to report the number on the cap of the offending employee to assure redress if offence has been given, and the moral effect on the entire body of employees of wholesome discipline, resulting from conviction upon a specific complaint, cannot be overestimated. The public can help the management this way, but it seldom does. The American is in too big a hurry, and is too indifferent to follow up matters of this kind. So he condones faults by helping the employees conceal them from their superiors, and satisfies himself by giving the employee a piece of his mind on the spur of the moment and by cherishing a grudge against the

company. The public must realize that its co-operation is highly important if the best results are to be obtained. Co-operation by criticism directed to the management is very valuable, as I have already said, and then it is so easy and so satisfying to criticize. I would suggest, however, that criticisms be addressed in polite language. Even a corporation manager is susceptible to courteous treatment. I have already assured you that he has a soul. It is a curious fact that many complaints are couched in offensive terms. The writer of a complaint too often assumes that the act of which he complains was purposely or arbitrarily done by the company, and he proceeds to denounce everything and everybody in advance. This is simply evidence of the condition to which I have previously alluded, viz.: a latent hostility or ill-will in the public's attitude towards corporations, which ought to be eradicated, and which can and will be eradicated by reasonable co-operation along the lines I have suggested.

How much better, how much more dignified, and how much more effective to write a polite and temperate statement of the facts, and how much more willingly the manager takes hold of it and sees that justice is done! It is merely the application of the human quality in the relations between the public and the corporation.

The Value of Praise

The public can help the corporations enormously in their efforts to give good service by writing occasional letters of commendation of things that deserve praise. Nothing is so encouraging to the

manager and to the men under him as the feeling that their work and efforts are appreciated, and yet how seldom it is that a "bouquet" is sent! Did you ever reflect that in every public service corporation's administration and service there is probably 99% that is satisfactory, if not praiseworthy, and probably one per cent. that is faulty? Nobody ever thinks of saying a good word about the 99% that is all right, but many will "throw bricks" at the one per cent. that is wrong. None of us can be perfect; yet it is necessary for a complicated electric machine like the Hudson tunnels or your own admirable Boston subway, to be nearer perfect than any human being. The intelligent co-ordination of mind, matter and science in the modern electric subway is truly wonderful.

Nothing so encourages the men and stimulates them to better effort as recognition by the public and their superiors of good work.

Not long ago, Mr. D. W. Cooke, General Traffic Manager of the Erie Railroad, sent us the following letter:

There are so many things to commend in the management of the Hudson and Manhattan Tunnels that the whole would be a long story, but the average of your men is so conspicuously higher than that of any other public service institution that I know, that I believe it is one of the most satisfying things you have accomplished from the standpoint of the public. Last night I came to the ticket office, Twenty-third Street and Sixth Avenue, at nine-thirty, bound for the Pennsylvania station. I gave the ticket agent a quarter for three tickets, and being unaccustomed to purchasing tickets, walked away without my change. I was scarcely more than seated in the car

when the guard or the chopping-box man, I do not know which, came in and asked me if I had failed to collect my change, and on being informed that I had, proceeded to get it for me. I do not say that I kept it, but he did his part, and I congratulate you on having men of this sort in your employ.

This letter was posted on the bulletin boards, so that every employee of the Transportation Department could see it.

The following, chosen from many of similar character, are cited merely to show the effect of our policy.:

SURRICK LINCOLN,
Assisted by Mrs. Lincoln.

THE LINCOLN TRAVELOGUES.

Permanent Address,
Antrim Lecture Bureau,
1011 Chestnut Street,
Philadelphia, Pa.

En Tour, 571 West 139th Street,
N. Y. City, April 10th, 1909.

Dear Sir: I wish to congratulate you on your excellent service. I believe you are trying to please the public who travel over your lines. If all railroad companies did the same they would be much better appreciated by those who patronize them. As it is the real traveler usually has it in for them. There is a reason.

Sincerely yours,

(Signed) S. LINCOLN.

KIRKLAND & YARDLY,

37 Liberty Street

January 22, 1910.

GENERAL MANAGER,

Hudson Tunnel Co.,

30 Church Street, New York City.

Dear Sir: It may be of interest to you to learn of a courteous action on the part of one of your employees, that was rather out of the ordinary.

On the 21st inst., a woman, a stranger, entered the tunnel at Hoboken. On opening her bag she thought that all her money had been stolen. She was naturally very nervous and in her excitement asked your colored porter, No. 10, what she should do. He courteously told her that he would give her what money she required and she was thus enabled to reach her friends in New York.

Yours truly,

(Signed) FARNHAM YARDLY.

January 24, 1910.

MR. FARNHAM YARDLY,

37 Liberty St., City.

Dear Sir: Yours of the 22d inst. informing us of the courtesy of one of our porters, received. I thank you very much for letting us know about this. Will write the porter a very pleasant letter. I can assure you it gives us great pleasure to know that our employee acted as he did.

Yours truly,

(Signed) E. T. MUNGER,
General Superintendent.

These letters are highly gratifying, because they prove that our conception of the duty of the corporation to the public is sound, and they indicate our belief that the public is appreciative of good work and earnest effort.

Frankness Pays

Frequently questions arise involving public relations and policy, which are very hard to determine. Our practice in all such matters is to take the public into our confidence and give our reasons for the action taken.

An agitation arose last year for separate cars for women in the subways of New York. It was very doubtful if the anticipated relief would be realized from their operation. We believed that the experiment was worth trying, but we knew the risk of failure and hesitated to take the odium or criticism that might result from it. But we felt that anything that would make it easier and more comfortable for women and children to travel during the crowded hours in New York was worth achieving, so we determined to make the trial.

We announced the new service with a poster in which we frankly said:

This is an experiment which the management hopes will prove successful in practice, and which it reserves the right to terminate if it should be found to work unsatisfactorily.

The suggestion for separate cars came from an organization known as "The Woman's Municipal League." In order that no doubt should arise about the company's good faith in giving the experiment a thorough and honest trial, we invited representatives of the League to attend the inauguration of the separate cars, to watch their operation carefully and give us the benefit of any further suggestions they might have to offer.

On the morning of March 31, 1909, a large and representative number of women assembled at the

railroad station in Hoboken. The company had issued special instructions to all guards and platform men to announce the separate car and direct women to it, and had advertised it thoroughly, so that little or no confusion resulted. One of the women asked if we would keep the car in service long enough to demonstrate its usefulness. We asked how long she would suggest. She said, two weeks. We said that we would try it three months and we did so. The car was very popular at first, but the newspapers wrote humorously about it, and many women became sensitive on the subject. The papers referred to it as the "Jane Crowe Car," the "Hen Car," "The Adamless Eden," "The Old Maid's Retreat," etc. We advised the women that all they needed to do to keep this car in service was to demonstrate that they wanted it by actually using it. The patronage, however, continued to decline. Many women frankly admitted that they preferred to ride in the cars with men; that they felt a greater sense of security in case of accident from being with men than if they were with the women alone. Long before the expiration of three months it became obvious that the experiment was a failure, but we kept our word and continued it for three months. At the end of that time it became necessary to discontinue it. Here an important question of policy arose. Some of the operating force contended that we ought simply to drop the car without saying anything about it, and that no notice would be taken of it. The executive officers, on the other hand, took the view that just as conspicuous notice of the discontinuance, and the reason for it, should

be given, as when it was inaugurated. We accordingly posted all over the road the following:

NOTICE

On and after July 1st, 1909, the exclusive car for women will be discontinued, as the patronage does not warrant further maintenance of this service.

Some of our operating officers feared that the newspapers would say hard things about us for discontinuing this car. The exact contrary was the result. Our frankness in giving complete and truthful information about the whole matter commended itself to the press, and we received nothing but praise for having demonstrated that there was no real demand for the segregation of women on subway trains.

This incident only goes to prove what we are contending for, namely, that a frank and open policy with the public and an explanation of reasons for actions taken, is the proper course.

"An Unwarrantable Restriction"

Some men felt very much outraged at what they considered an unjust discrimination on our part in favor of women. We are almost exclusively an interstate railroad. Therefore we come under the jurisdiction of the Interstate Commerce Commission, at Washington. The following correspondence is interesting as showing the character of complaints with which the commission and the corporations have to deal and how such matters are handled:

INTERSTATE COMMERCE COMMISSION

WASHINGTON, April 27, 1909.

MR. WILLIAM G. McADOO,

President, Hudson & Manhattan Railway Company,
30 Church Street, New York City.

Dear Sir: The enclosed is a copy of a letter this day received by the Commission from Mr. Francis Dundon, 39 Washington Square, New York, N. Y., in reference to a discrimination alleged to be practiced by your company in the transportation of passengers between Jersey City and Hoboken, N. J., and New York, N. Y.

The Commission thought it proper to call this matter to your attention, to ascertain what your attitude is.

Truly yours,

(Signed) C. A. PROUTY,
Commissioner.

NEW YORK, April 24, 1909.

THE INTERSTATE COMMERCE COMMISSION,
Washington, D. C.

Gentlemen: I take the liberty to direct the attention of your honorable body to an infraction of the law by a public service corporation doing interstate commerce—viz.: the Hudson and Manhattan Railway Company, transporting passengers between Jersey City and Hoboken, N. J., and New York, N. Y.

The infraction referred to is, in essence, a restriction of the rights to accommodation on the company's trains, of a part of the public, by excluding this part from one car (the last) on every train.

The excuse is that this car is reserved for women; but so far as the male passengers are concerned, it makes no difference whether the exclusion is for women or for the convenience of the Directors' families; they are forbidden access to this car, while female passengers are allowed access to *all* the cars.

Now, it is not necessary to point out to your honorable

body that this is not segregation, where each class being restricted to its own confines, none may encroach on those of others.

It is neither more nor less than an unwarrantable restriction without any compensation, and in effect an assertion that the fare paid by a man does not entitle him to the same opportunity for accommodation as the same fare paid by a woman; in fine, it is discrimination on the part of a public service corporation, doing interstate commerce—an offence cognizable by your honorable body.

I beg to enclose a clipping from the *New York Times* of the 24th instant containing a statement in relation to the matter by Mr. William G. McAdoo, the Hudson and Manhattan Company's President.

Very respectfully,

(Signed) FRANCIS DUNDON.

April 29, 1909.

INTERSTATE COMMERCE COMMISSION,
Washington, D. C.

Dear Sirs: Replying to yours of the 27th instant, in which you enclosed a copy of a letter addressed to you by Mr. Francis Dundon, 39 Washington Square, New York, in reference to a discrimination alleged to be practiced by this Company in operating on our trains a car reserved for women, I beg to say:

A petition, backed by the Women's Municipal League of New York, was a short time ago filed with the Public Service Commission of this district, urging that a separate car for women be operated in the Subway by the Interborough Rapid Transit Company. A considerable public sentiment in support of this idea seemed to exist, on account of the overcrowding in the cars of the local transportation lines during the rush hours of the day.

Realizing the desirability of doing anything which would make it more comfortable for women and children to travel during the crowded hours, I concluded, after consideration, to give the idea a practical test on the Hudson Tunnel Lines, and, accordingly, an order was issued

directing that the rear car on each one of our trains between the hours of 7 and 9 a. m. from Hoboken, N. J., to New York and between the hours of 4.30 and 7 p. m. from New York, to Hoboken, N. J., be reserved for the exclusive use of women. In this order, it was stated that the operation of this car was experimental, and that the Company reserved the right to terminate the arrangement, if it should prove unsatisfactory in operation. The car has been in operation about thirty days.

We do not exclude men from this car. We simply advise them that the car is reserved for women. If a man wishes to ride in this car, in spite of that fact, we cannot and do not attempt to prevent him from doing so. We rely upon the chivalry and courtesy of men, generally, to help us in an effort to make more comfortable the conditions under which women have to use the crowded local transportation facilities.

Our test has hardly continued long enough to enable us to say definitely whether or not it ought to be established as a permanent feature of our line; but, in any case, there is no discrimination against male passengers, as they can, if they want to, ride in the women's car.

The situation is precisely analogous to that of smoking cars which are run by interstate carriers. The car is reserved for smokers, but men who do not smoke, and even women themselves may occupy seats in such smoking cars, if they care to do so. I believe, also, that it is conceded that interstate carriers may handle separate or special cars for any reasonable and lawful purpose, and, so far as I am advised, there can be no lawful objection to our setting apart a car for the convenience and comfort of women and children. I wish to say, however, that if, in the opinion of the Commission, this practice is an unlawful discrimination, we shall, of course, discontinue it, in which case I shall be greatly obliged if the Commission will inform me, and also let us know if it will adopt a ruling on this point.

Very truly yours,

W. G. McADOO,
President.

INTERSTATE COMMERCE COMMISSION

WASHINGTON, May 3, 1909.

MR. W. G. McADOO,

President, Hudson & Manhattan R.R. Co.,

30 Church Street, New York City.

Dear Sir: Your letter of April 29, in reply to complaint of Mr. Francis Dundon, concerning alleged discrimination in favor of women passengers is received.

Inasmuch as your company appears to make request of the male passengers that they occupy other cars while not insisting upon it, it would not seem to be an unreasonable one and the complainant is being so advised.

Truly yours,

C. A. PROUTY,

Commissioner.

Another Example of Frankness

Another interesting incident occurred when we opened the downtown tubes. On account of a shortage of equipment, due to a strike at the car works, we were unable to establish a service between the Hudson Terminal Buildings and Hoboken, except during the hours of 9.30 a.m to 4.30 p.m. This was, of course, the time of day when the service was needed least, because the "rush hours" are the important periods.

A certain element of our management argued that it was better not to run the service between 9.30 a.m. and 4.30 p.m., because it would simply create dissatisfaction. It was contended that the public would not understand why the service was not given during the "rush hours," when it was most needed, and that a great deal of adverse criticism would result. The executive officers, on

the other hand, believed that a frank statement of the reasons why the service was not given during the "rush hours" would disarm criticism and satisfy the public. So we ordered the service installed during what may be called the "non-rush hours," and posted conspicuous notices in the cars and all over the system containing the following paragraph:

Because of non-delivery of equipment the Company is unable for the present to give this service during the "rush hours" on week days, but hopes to extend the service throughout the entire day about August 2d, 1909.

Instead of adverse criticism, we were commended for our enterprise in giving a partial service until sufficient equipment could be received. We frequently heard passengers on the trains explaining to other passengers that it was because of a lack of equipment due to a strike at the car works that the company could not give the service during the "rush hours." The public, in other words, was making itself a defender of the company and was voluntarily making explanations to those who were uninformed about the reasons for the insufficient service.

If, on the other hand, the partial service had been inaugurated in the usual way of simply announcing that the service would be established between certain hours of the day, without explanation of the reasons why it was not extended throughout the entire day, the public would have criticized the arrangement, simply because it would not have understood the reasons therefor.

Doubtless many of you have had the experience of waiting in a railroad station, long after the

scheduled time of departure, for the train to go, and wondering why it did not start and fretting because you could not get information, or you may have found yourselves standing on a side-track or on the main line somewhere waiting impatiently for the train to proceed, without being able to find out the cause of the detention. In all such cases how easy it is to satisfy the public by a simple statement of the reasons for the delay. If a passenger is told that there has been a wreck ahead, or that there has been a derangement of signals, or if he is given any other good reason, he will at once become pacified. In all these cases the passenger wants simply to be informed. For a long time railroad companies refused to give information to passengers about anything that might happen on the road, particularly about accidents. This policy only aggravated the situation and created hordes of enemies. No intelligent railroad management pursues this policy any longer.

A Problem in Distances

I may cite another incident in our experience, where we had a very difficult problem to deal with, and it was a subject of much discussion before a decision was finally reached. When we built the great Hudson Terminal station, we provided four large entrances and passageways, thirty feet wide, from the street to the concourse floor, immediately below the street level. There are above the station two great office buildings, twenty-two stories in height. The thirty-foot entrances, on each side of the buildings, were connected by narrow passageways, so that the people going to and from the con-

course floor could enter the office section through these narrow passages. They were not intended for general use going to and from the trains. In a short time the public discovered that a few seconds could be saved by crowding through these narrow passageways, thereby establishing a shorter route to the trains. This was a misuse of the facility, disadvantageous to the public itself. In the course of time an aggravated situation would have developed, because the capacity of these narrow ways was entirely too small to accommodate the growing traffic. The remedy was to close the narrow passageways. We finally determined to take that course and, as usual, we posted a notice giving the reasons for our action. Instead of the horde of complaints which we expected, we had just one, which I shall read, together with our reply to show you how we deal with such matters:

32 Mulford St., East Orange, N. J.,

February 15, 1910.

MR. WILLIAM G. MCADOO,

Pres., Hudson & Manhattan Ry. Co.,

Dear Sir: The card posted in the cars of your Company to the effect that suggestions relating to the improvement of your service are always appreciated, emboldens the writer to address you regarding what he considers as a really serious proposition. He refers to the recent closing of the staircase by which tenants of 30 Church St. were formerly enabled to obtain ready access to the train floor of the Hudson River tunnels.

The present arrangement reduces the time which the writer can save by using the tunnels by about one-third, and thus greatly lessens their efficiency so far as he is concerned. The same is undoubtedly true with regard to many other tenants of 30 Church St., and the results to

the H. & M. Ry. Co. may perhaps be appreciably unfortunate.

It would seem to be very important to provide some means by which tenants of this building can reach the train floor in a minimum of time and without the inconvenience of traveling around the long ramp.

Your company have doubtless given this matter some consideration, but it is possible that its full importance has not been appreciated.

With apology for thus trespassing on your valuable time, I remain,

Yours very truly,

FRANCIS P. WITMER.

February 18, 1910.

FRANCIS P. WITMER, ESQ.,

32 Mulford Street,

East Orange, N. J.

Dear Sir: I have your favor of the 15th instant, and note carefully what you say about closing the passageway between the Cortlandt Street and Dey Street train entrances of No. 30 Church Street.

You may be sure that before this action was taken it received our very careful consideration. This passageway was never intended to accommodate the mass of people who go to and from the trains. We found that a serious congestion was arising there, similar to that which occurred at the same relative position in No. 50 Church Street, and, in the interest of the traveling public and in order to prevent the condition becoming even more seriously aggravated in the future, we felt obliged to close this entrance as a means of general access to the trains. I enclose a copy of the notice posted at the entrance explaining the reasons for the Company's action.

I am quite sure that the comfort of the public generally is conserved by compelling the use of the big, broad passageways designed especially for the use of the public in going to and from trains. Some slight accidents have already happened from the use of the narrow passageway,

such being without the Company's fault in any way, and yet the disposition on the part of the injured was to make claims against the Company.

I am positive, because I have walked it myself several times in order to make an actual test, that little or no time is lost in going down the ramp to trains as against going through the narrow passageway in question. I figure that it requires about thirty seconds longer to go by the ramp.

We are always glad to have suggestions, and are anxious to do everything in our power, within the limits of reason, for the comfort and convenience of the Company's patrons, but, in doing this, we ought not to permit the *misuse* of facilities in any way that will immediately or ultimately work to the detriment of the public.

I may add that thus far yours is the only complaint we have received on this subject.

Very truly yours,

W. G. McADOO,
President.

February 10, 1910.

NOTICE

When this building was planned, special entrances from Cortlandt and Dey Streets to the Concourse Floor were purposely constructed for the convenience of passengers going to and from trains. These entrances are sufficient to prevent congestion. This narrow passageway was intended solely for the use of persons going between the *Concourse Floor* and offices in this building. Large numbers of people have been using this narrow way for access to trains, causing a congestion, which would become more aggravated as time goes on, and defeat the Company's object in building the large entrances above referred to. For this reason the Company is obliged to close this passageway as a means of general access to the station. Passengers are respectfully requested to make use of the main entrances.

(Signed) W. G. McADOO,
President.

32 Mulford St., East Orange, N. J.,

February 21, 1910.

MR. W. G. McADOO,

Pres., Hudson & Manhattan R.R. Co.

Dear Sir: Your courteous reply to my letter of the 17th explains to my entire satisfaction your reasons for closing the narrow passageway from offices of 30 Church St. to Concourse Floor. I am sure that in this, as in all other matters, your Company is studying the best interests of the public at large. It merely occurred to me that possibly some substitute for the short cut in question might be practicable—for instance, a staircase from the upper level of the Southeast ramp at Cortlandt St. direct to the Concourse Floor, at the corner where the barber shop is located. This would save some time and half-a-minute is often of great importance to a commuter, and would make it optional, whether to use the longer ramp or the shorter cut by the stairs. This is, of course, a matter which your experience and opportunities for observation would probably decide at once to be practicable or the reverse. I only speak from the point of view of a daily traveler, and I surely feel that a shorter route than the ramp would be acceptable to those in a similar position to myself.

Thanking you for your courtesy, and with sincere assurances of the appreciation of as much of the public as come within my observation, for the admirable service which your Company is giving, I am,

Very truly yours,

FRANCIS P. WITMER.

Reaching the Public Through the Press

In dealing with the public, another highly important factor must be considered, and that is the press. This is the agency through which the public gets information and oftentimes reaches conclusions. The policy of dealing frankly, truthfully and honestly with the newspapers, is obviously the

part of wisdom. We have always adhered to that policy, and I think I may say without exaggeration that no enterprise has ever been more fairly treated by the press of New York, and of the country at large, than the Hudson Tunnels. If an accident occurs we give the newspapers the whole truth as quickly as we can get it ourselves and we don't wait for them to come for it. We send it to them. Many corporation managers regard reporters as impertinent intruders. I shall never forget the time when one apologized to me for "intruding," and was astonished because I told him that no apology was necessary because his mission to get the news was just as legitimate as was mine to build the tunnels. A reporter gets his "turn" at our office, in the order of his arrival, just as anyone else does. Essential as the "banker" is to our happiness and welfare, he gets no preference over the newspaper man. Nor is this simply "stage play"; it is merely justice and a part of our policy of fair play and courteous treatment.

The Humanitarian Spirit in Corporations

There has been a vast improvement in the past few years in the relations between public service corporations and the public. Not only are such corporations managed with greater regard for the public convenience and comfort, but there has been developed a higher appreciation of the duties and obligations of these corporations to the public. In some companies a spirit of practical and wise altruism has appeared. This has been manifested in the establishment of pension funds to which the faithful employee may resort with the assurance

of support in his declining years. The Pennsylvania Railroad, the Chicago & Northwestern Railroad, the New York Central Railroad and others have voluntarily assumed this burden. It is the essence of enlightened management. It ought to result in improving the character and quality of the employees, in assuring more interested and faithful service and in creating a greater community of interest, with advantage to the company, the employee and the public. The better the grade of the employee, the better the service that the corporation can render to the public. It is also a humanitarian act of the finest quality, worthy of emulation by all corporations and by the states themselves in dealing with the aged poor. I confidently look for the time when there will also be established by the corporations, under wise legislation, benefit funds, as assurance against disability and accidents, so that injured employees may obtain quick and certain relief, in case of accident. There is great force in the argument that certain hazardous risks of the employment should be assumed and borne by the employer, and I believe that enlightened policy will soon dictate this concession to labor. I am confident that a system of prompt and just compensation for injuries to employees can and will be worked out, and that it will have a happy effect for both employer and employed.

I have already overtaxed your patience and must not attempt to discuss it here. One thing, however, is certain, and that is that something must and will be done, and the sooner the better, that will assure to the family of the injured em-

ployee, in case of fatal accident, prompt relief. The present system of long litigation, at the end of which some unprincipled lawyer takes half of the recovery, or more, is not only inhuman, but is a crying scandal, for which a remedy must be found.

Young gentlemen of the Graduate School of Business Administration, I congratulate you upon living in this age of advanced intellectual thought and of awakened interest in grave sociologic problems. Among you are future presidents and managers of great corporations. As you go to your tasks let me admonish you not to allow commercialism to be your only guide. Combine with it a lofty humanitarianism, an intelligent regard for the welfare and advancement of your employees and a high appreciation of your obligations to society and to the public, and you will achieve a satisfying success.

Cultivate, also, a spirit of justice. What is more beautiful, more ennobling, than justice?

“Truth is its handmaid, freedom is its child, peace is its companion, safety walks in its steps, victory follows in its train; it is the brightest emanation from the Gospel; it is the attribute of God.”

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